

Bye-bye Boom? Does ND have a right to be successful?

Presentation by Joel Kotkin, Presidential Fellow, Chapman University and
executive director, Center for Opportunity Urbanism

Fargo, ND October 8, 2015

Is North Dakota better off than a decade ago?



*National Media says no...you were better off depopulated, with slow income growth, no in-migration, but perhaps serve as picturesque rubes

*The numbers say yes...demographic revival, income growth and a new, diversified economy

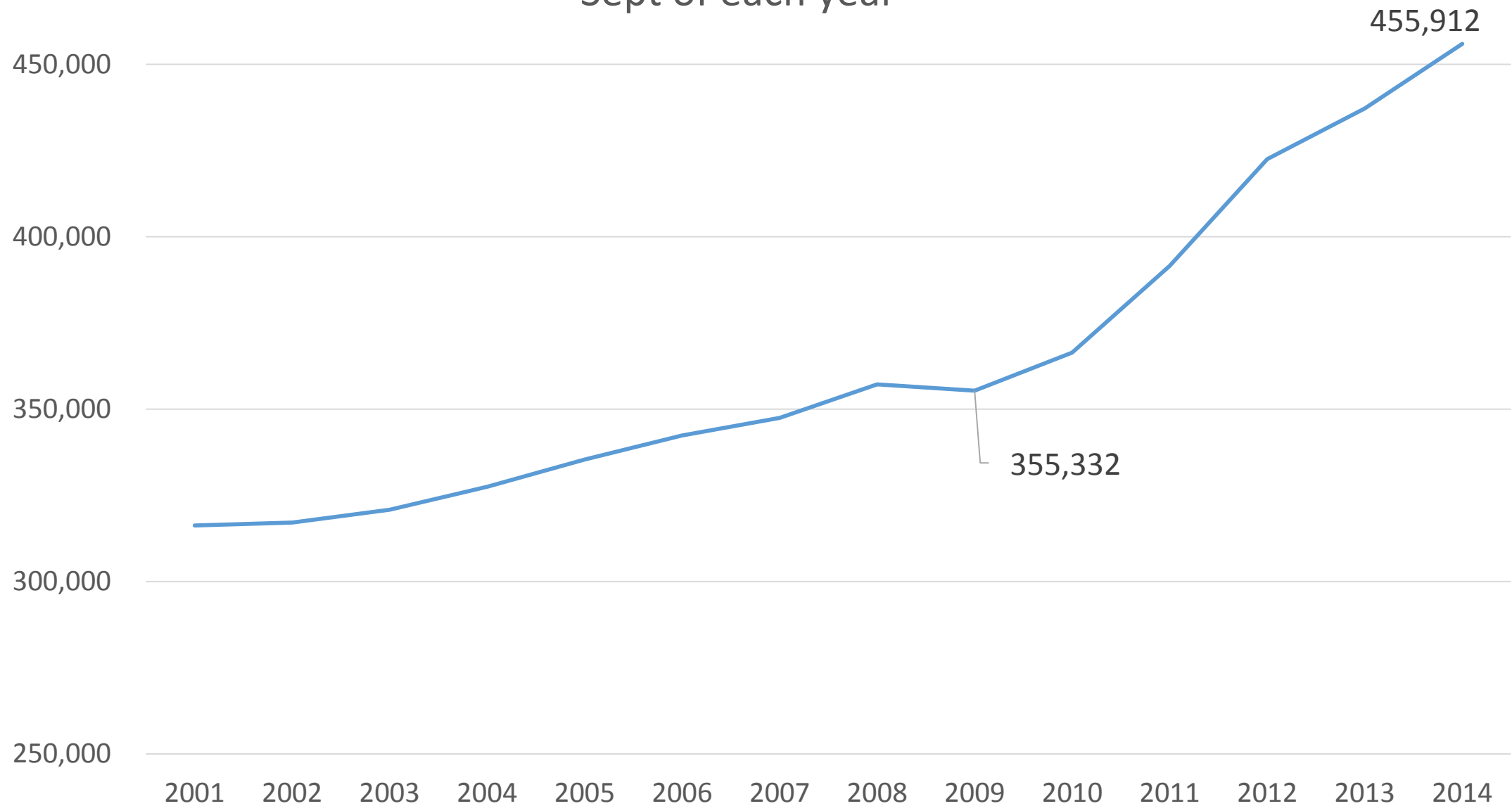
Future Drivers of Growth



- Build on existing strengths in the ‘real economy’
 - Technology jobs diffuse through economy
 - Critical importance of Housing affordability, particularly for families
- Shifts in demographics offer great hope to Great Plains cities

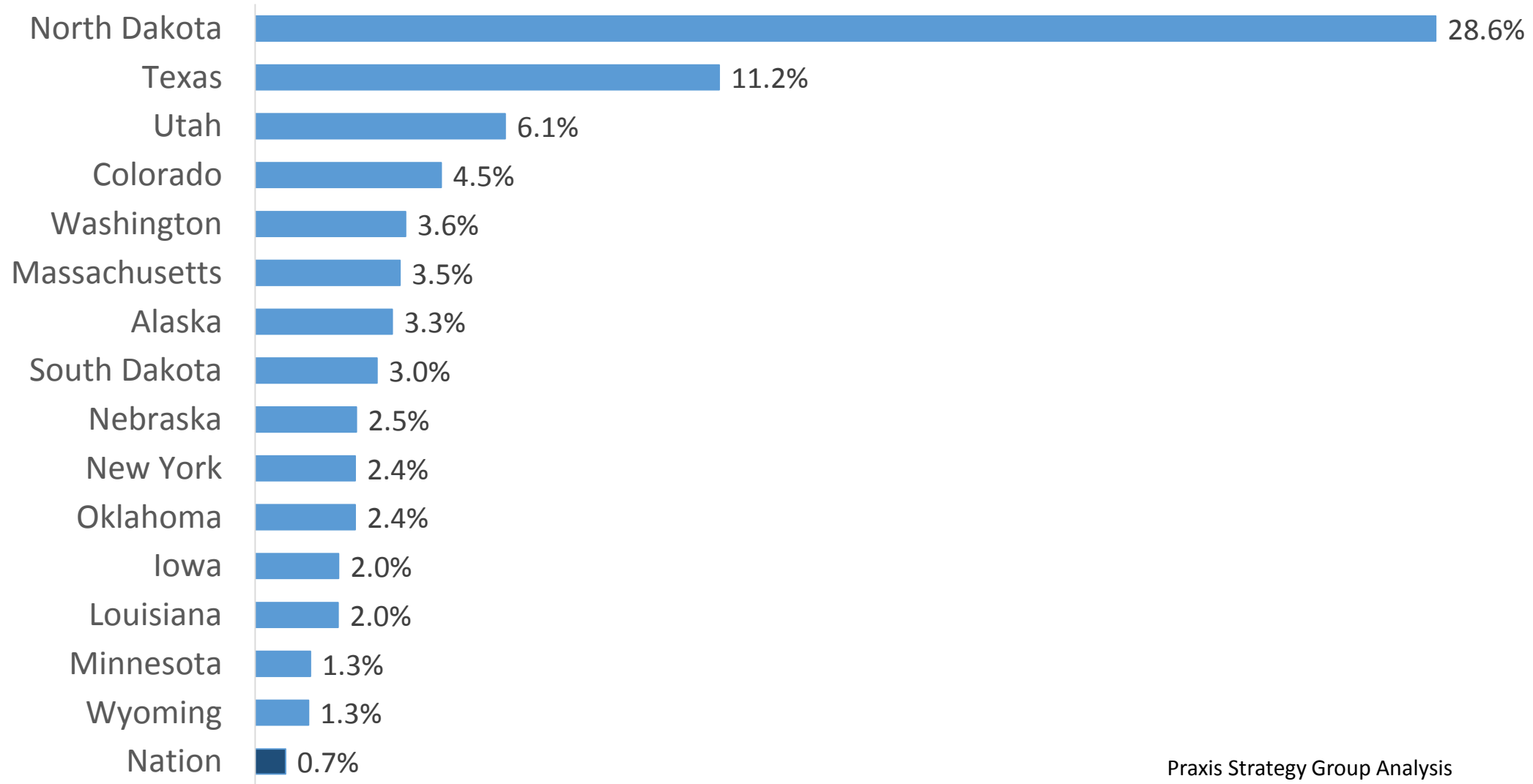
North Dakota Total Employment

Sept of each year



The Nation's Fastest Growing States

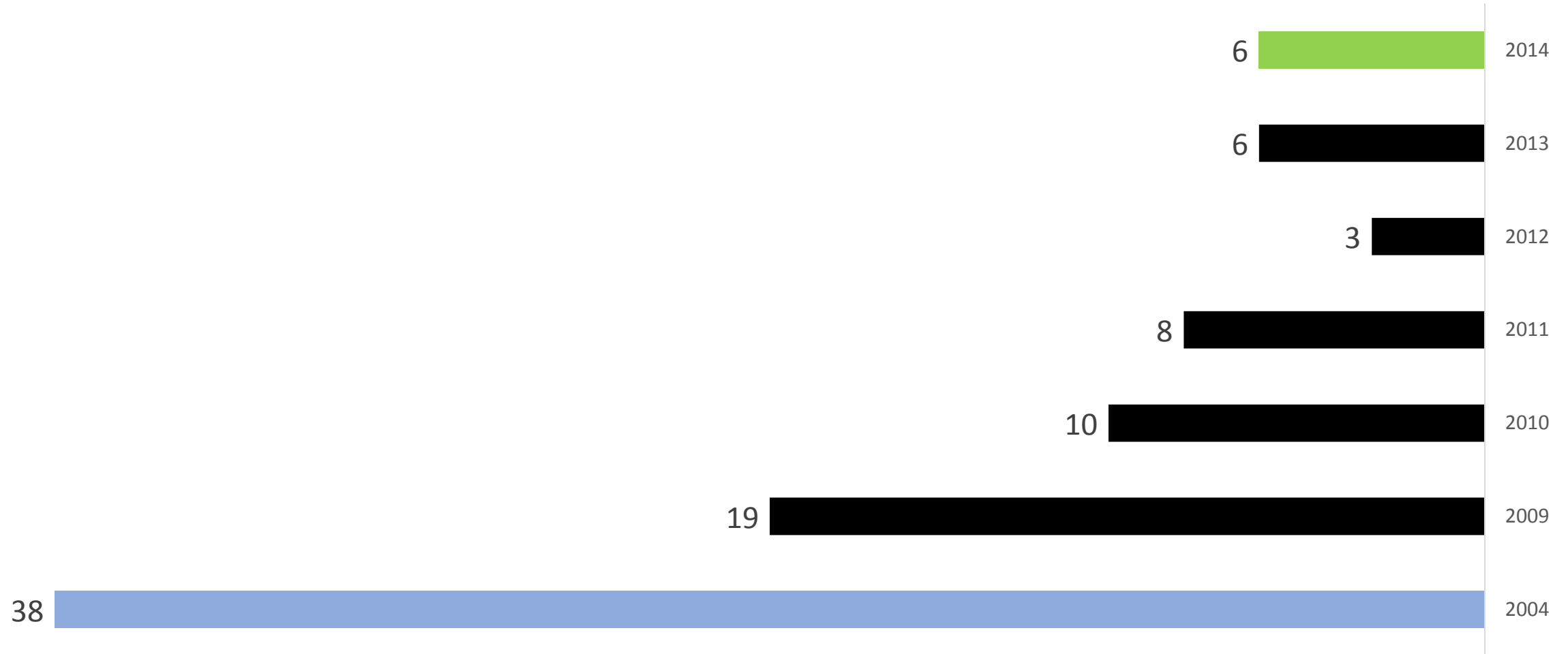
Job Growth, 2007-2014



Praxis Strategy Group Analysis

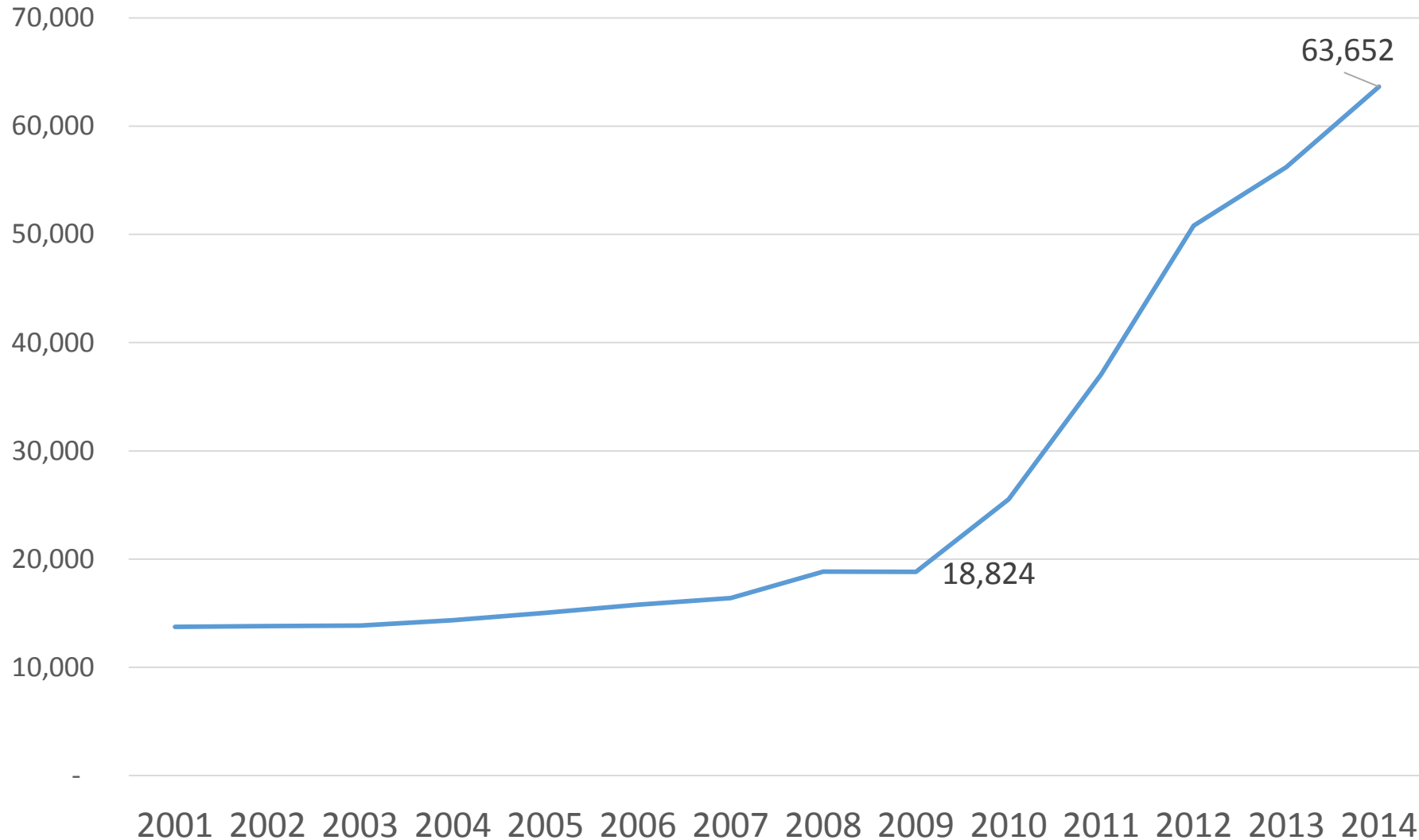
Source: Economic Modeling Specialists Int. (EMSI) 2015.1

North Dakota Per Capita Personal Income Rank



Oil Patch Jobs

McKenzie, Mountrail, Williams Co



If 20,000 are lost

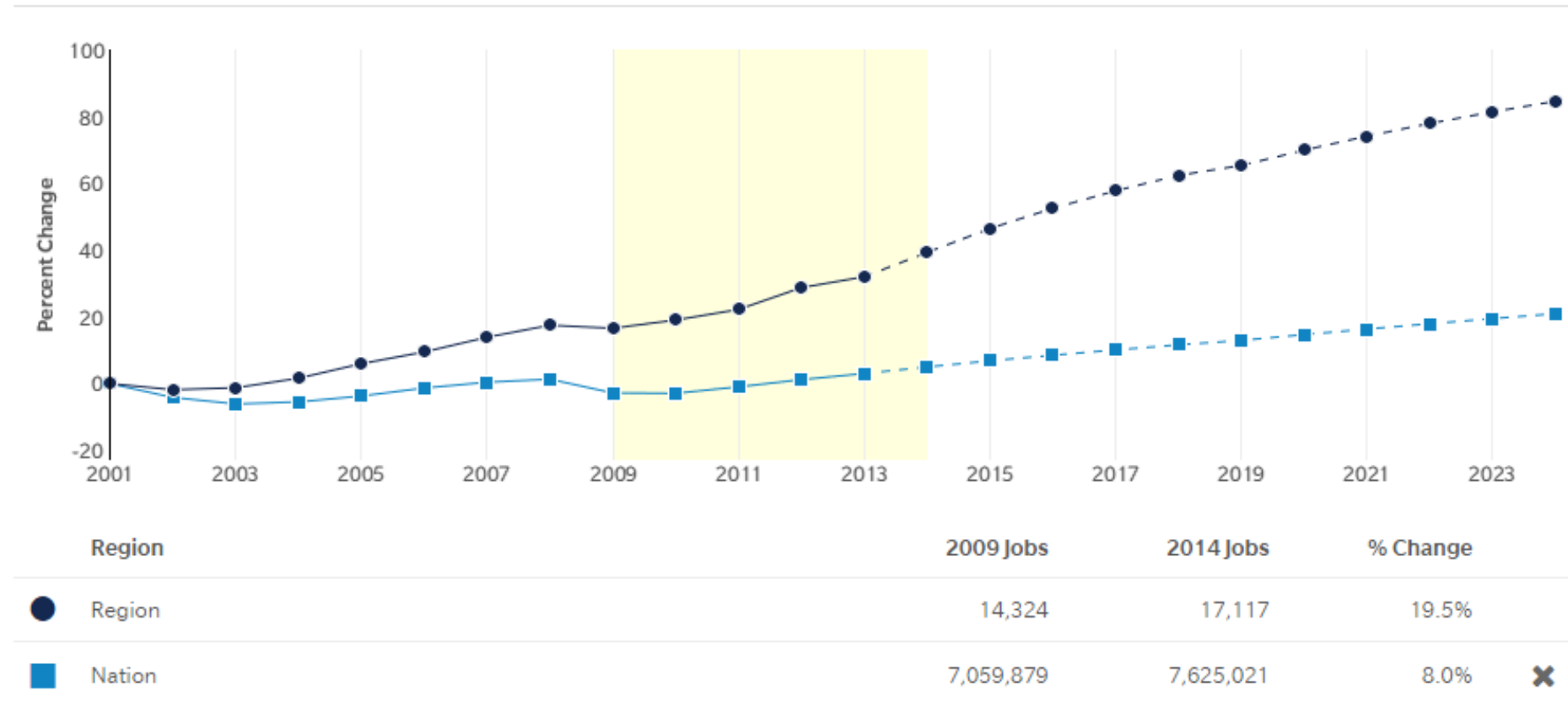
Growth since:

2011: 18%

2009: 132%

2007: 166%

STEM Jobs ND and Nation



#1 in STEM growth, but still just **44th in STEM's** share of jobs

There's still plenty of room for growth

ND Economy: Increasingly Specialized

Description	2009 Location Quotient	2014 Location Quotient	Change
Mining, Quarrying, & Oil & Gas Extraction	3.82	10.72	180%
Transportation & Warehousing	0.99	1.56	57%
Real Estate & Rental & Leasing	0.56	0.78	38%
Construction	1.10	1.51	37%
Wholesale Trade	1.26	1.42	12%
Professional, Scientific, & Technical Services	0.57	0.56	-1%
Retail Trade	1.03	1.00	-3%
Other Services (except Public Administration)	0.85	0.79	-7%
Finance & Insurance	1.01	0.93	-9%
Utilities	2.14	1.95	-9%
Accommodation & Food Services	0.97	0.88	-10%
Manufacturing	0.70	0.63	-11%
Government	1.18	1.05	-11%
Administrative & Support & Waste Management & Remediation Services	0.60	0.52	-12%
Management of Companies & Enterprises	0.82	0.72	-13%
Crop & Animal Production	3.94	3.43	-13%
Arts, Entertainment, & Recreation	0.64	0.56	-13%
Health Care & Social Assistance	1.09	0.92	-16%
Information	0.91	0.75	-18%
Educational Services	0.45	0.35	-20%

Gaining ground

Losing ground



Declustering: The New Demography

- Nationwide people heading to smaller towns and cities
- The search for affordability
- Freedom to work dispersed due to technology

Big Opportunity: How We Live and Want to Live

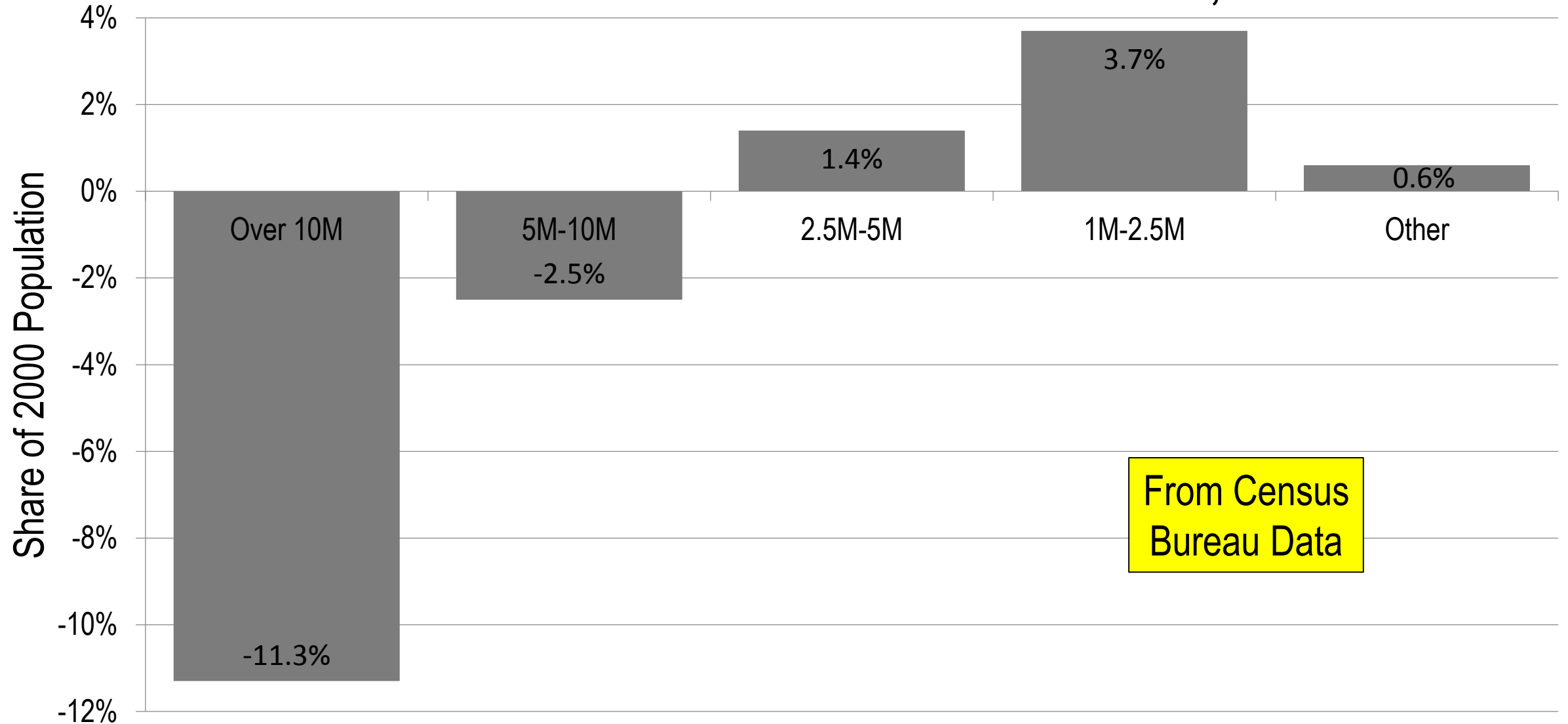
Where we live now: 16%
in rural or micropolitan
areas



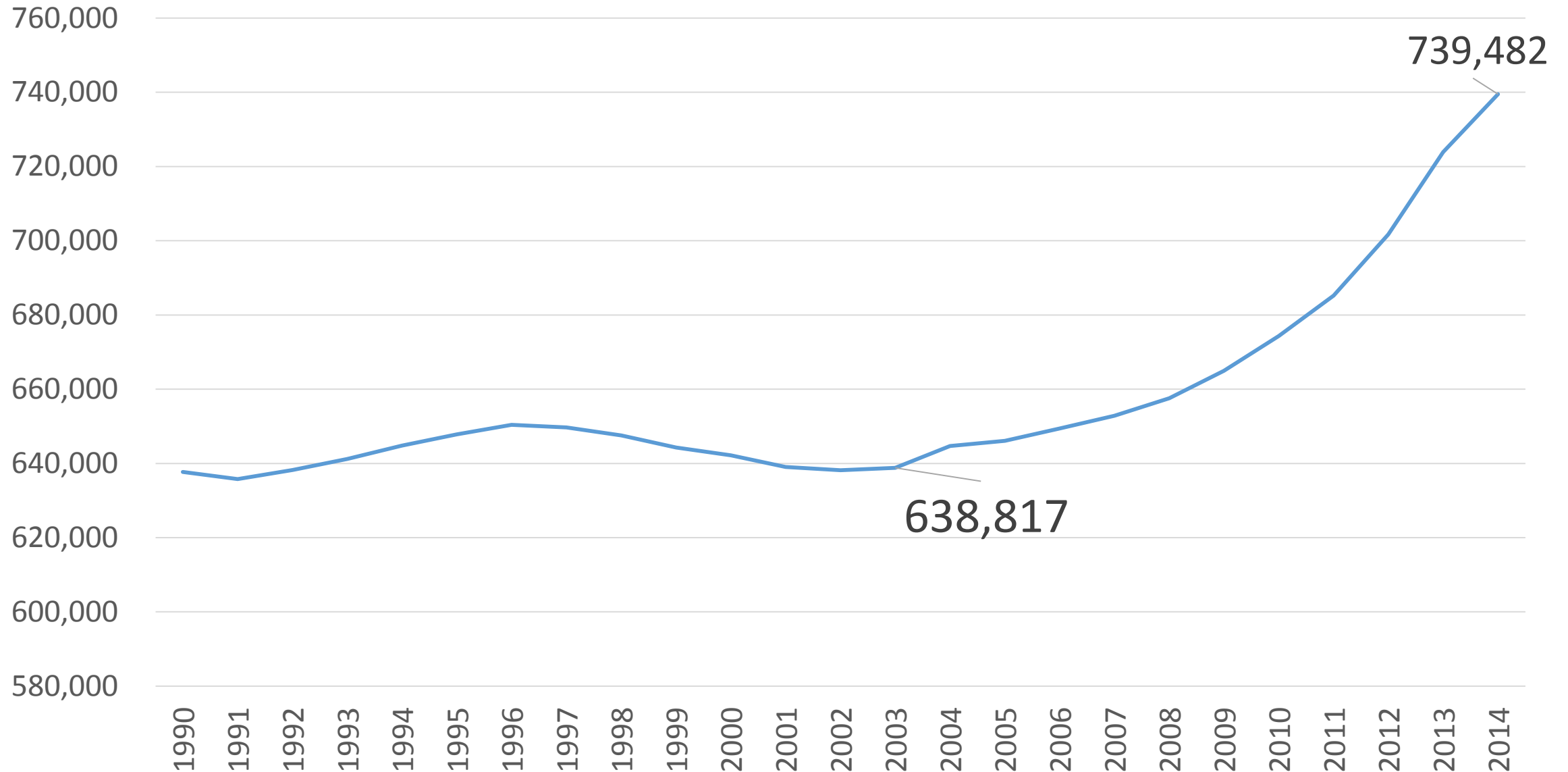
35% want to live in
the country

Net Domestic Migration by Population

MAJOR METROPOLITAN AREAS: 2000-09, 2010-12



North Dakota Population



US Population by 5 Year Age Cohort

2012 PER AMERICAN COMMUNITY SURVEY (ALL)

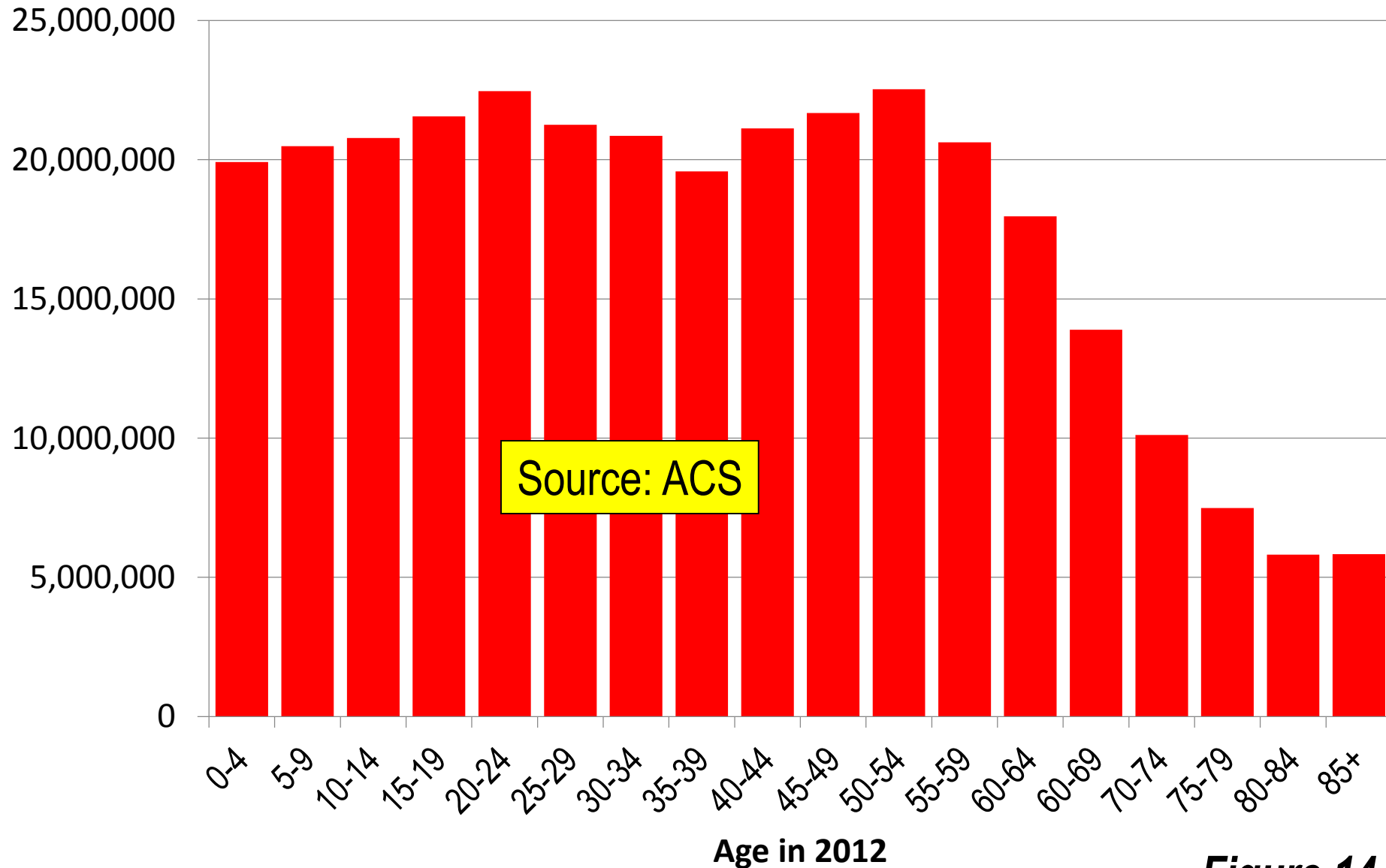
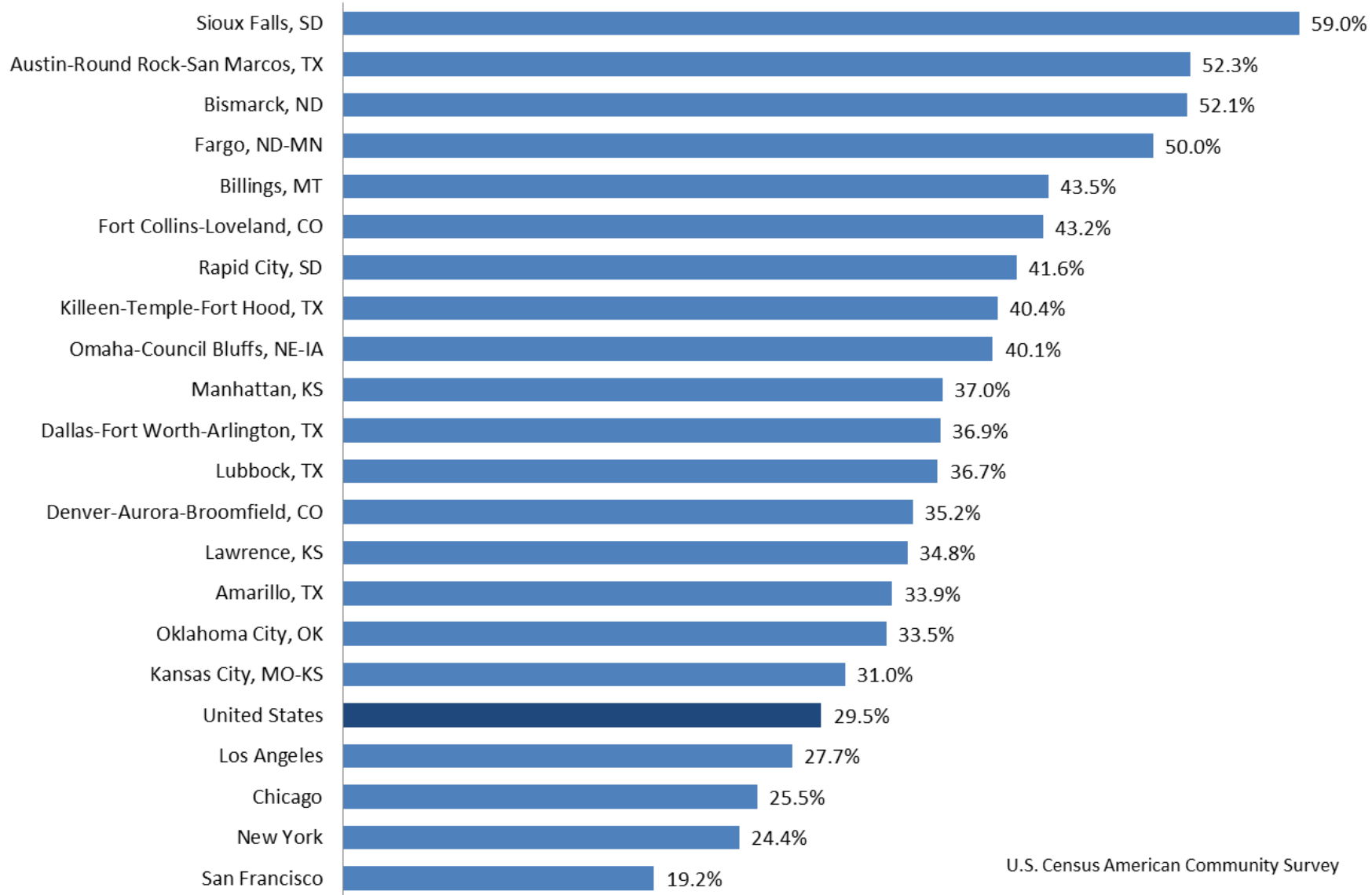


Figure 14

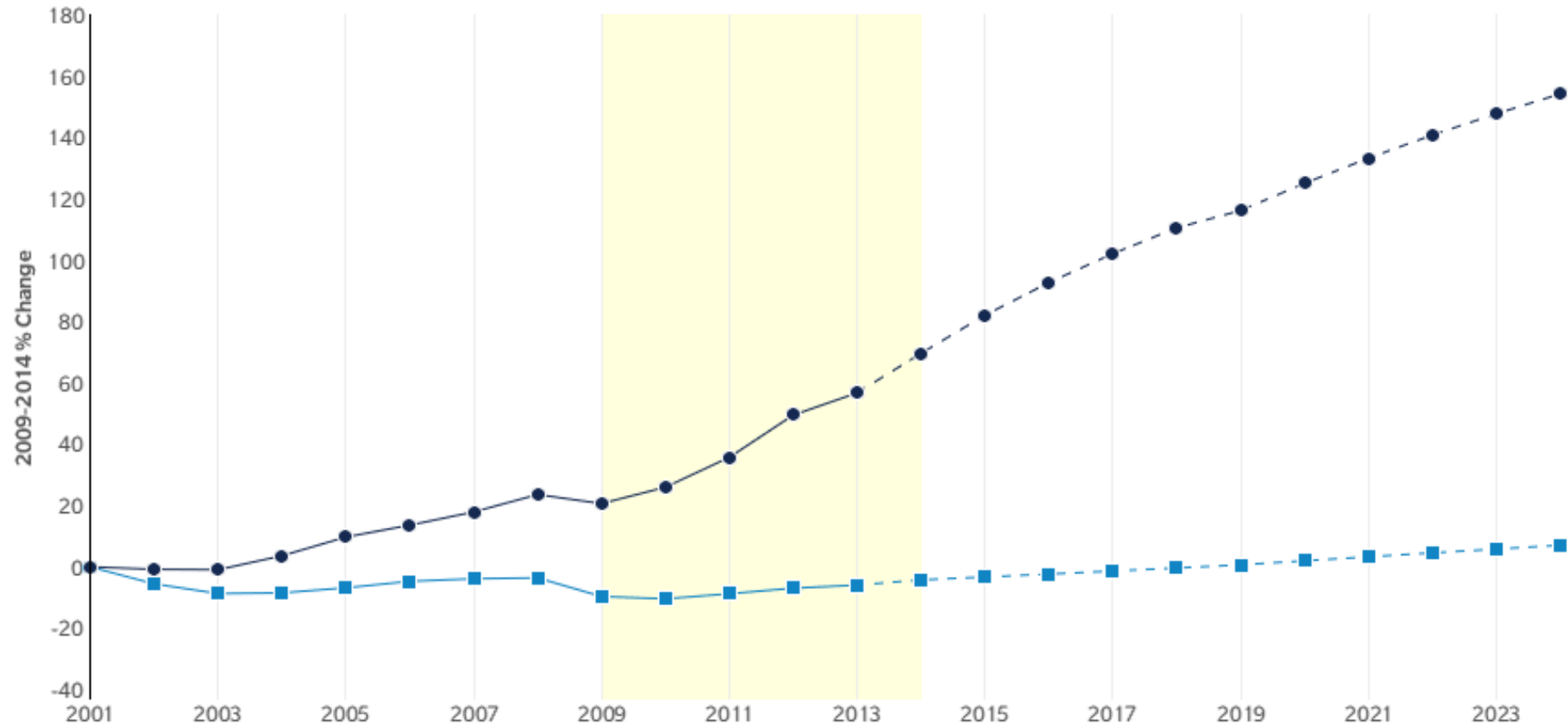
Demographics

- **Median age** is now the fourth-lowest in the nation, dropping from 36.9 in 2010 to 35.3 in 2013
- 2nd, 1st, and 1st in **population growth** the past three years
- 12.3 people per 1,000 residents in 2014 due to **domestic migration**, 50% higher than the second-place state of Nevada
- 4th in **birth rate** in 2014, 33rd in death rate
- 28th in **immigration rate**, 2014

Growth in Residents with a Bachelor's Degree or Higher, 2000-2010



ND: Boom of Engineers

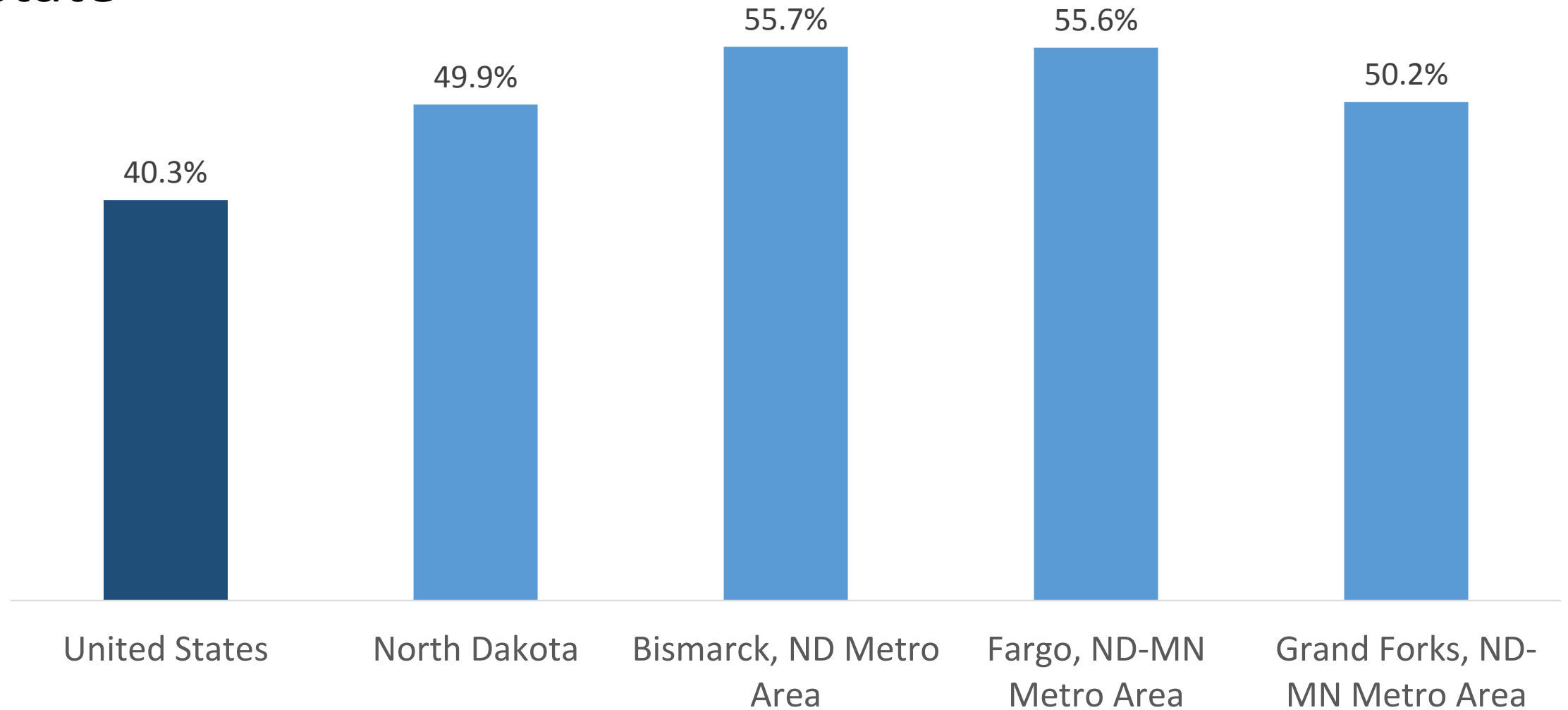


Region	2009 Jobs	2014 Jobs	Change	% Change	Median Hourly Earnings
North Dakota	2,837	3,989	1,152	41%	\$35.11
United States	1,541,584	1,633,759	92,175	6%	\$42.17

ND is #3
state

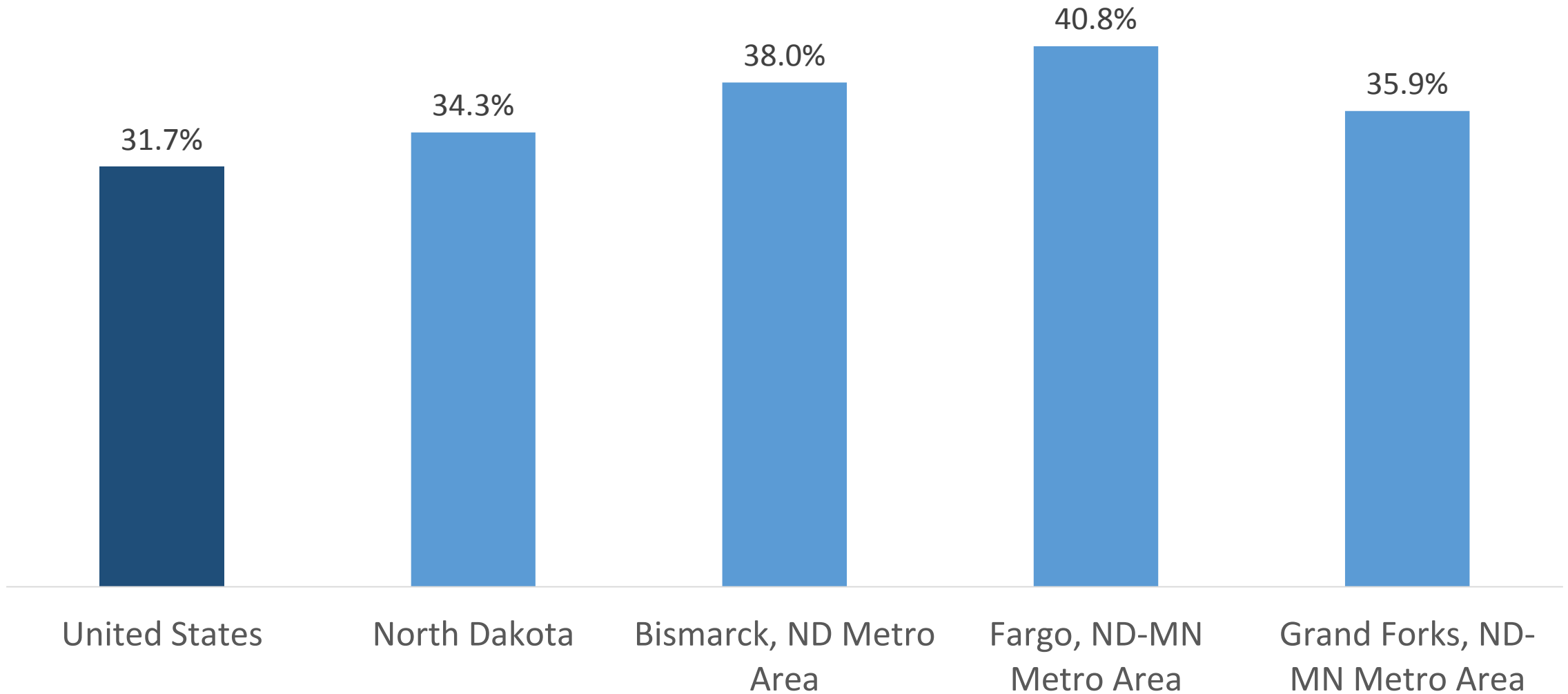
Young Talent Pool

Share of 25- to 44-year-olds with at least an Associate's Degree



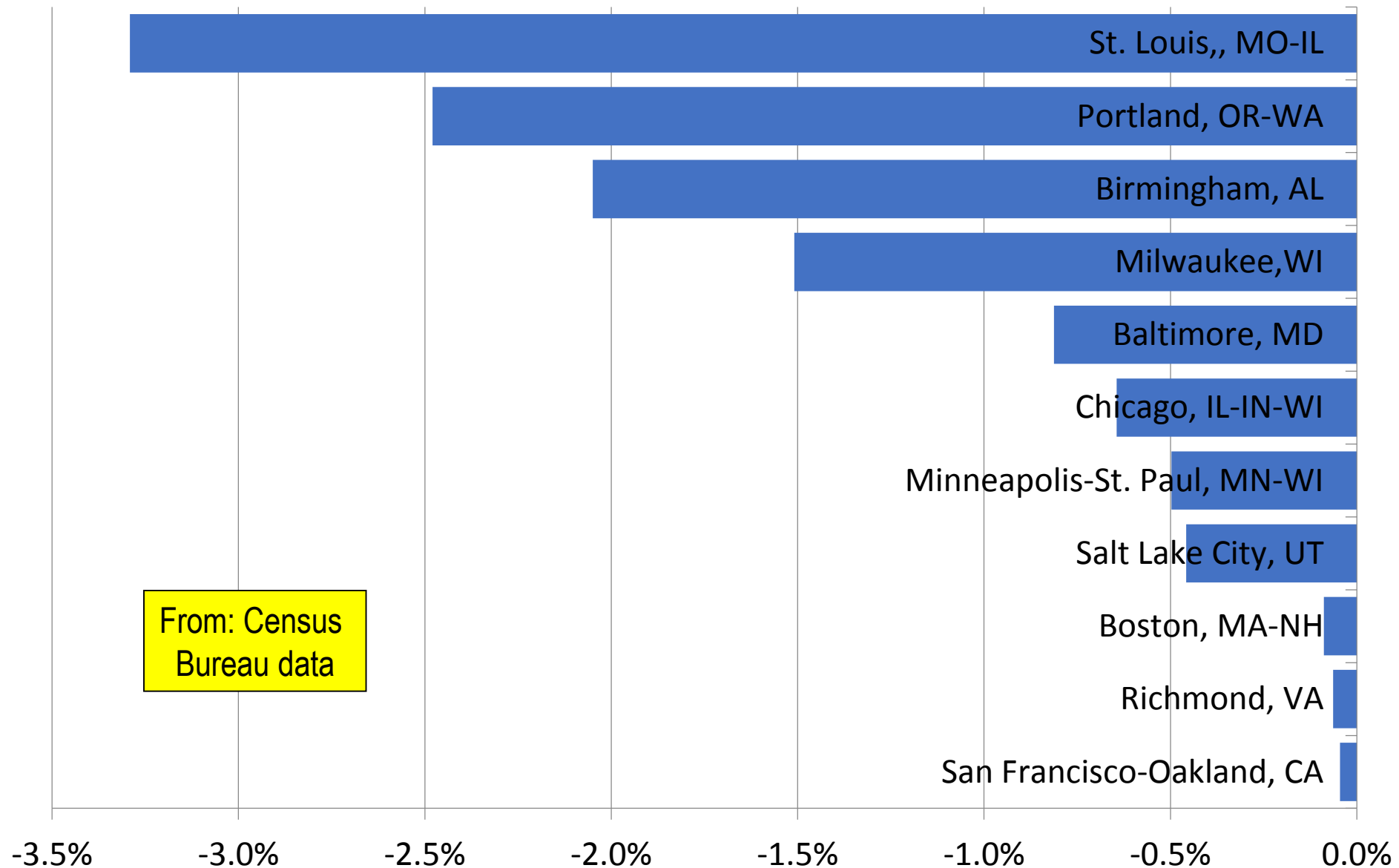
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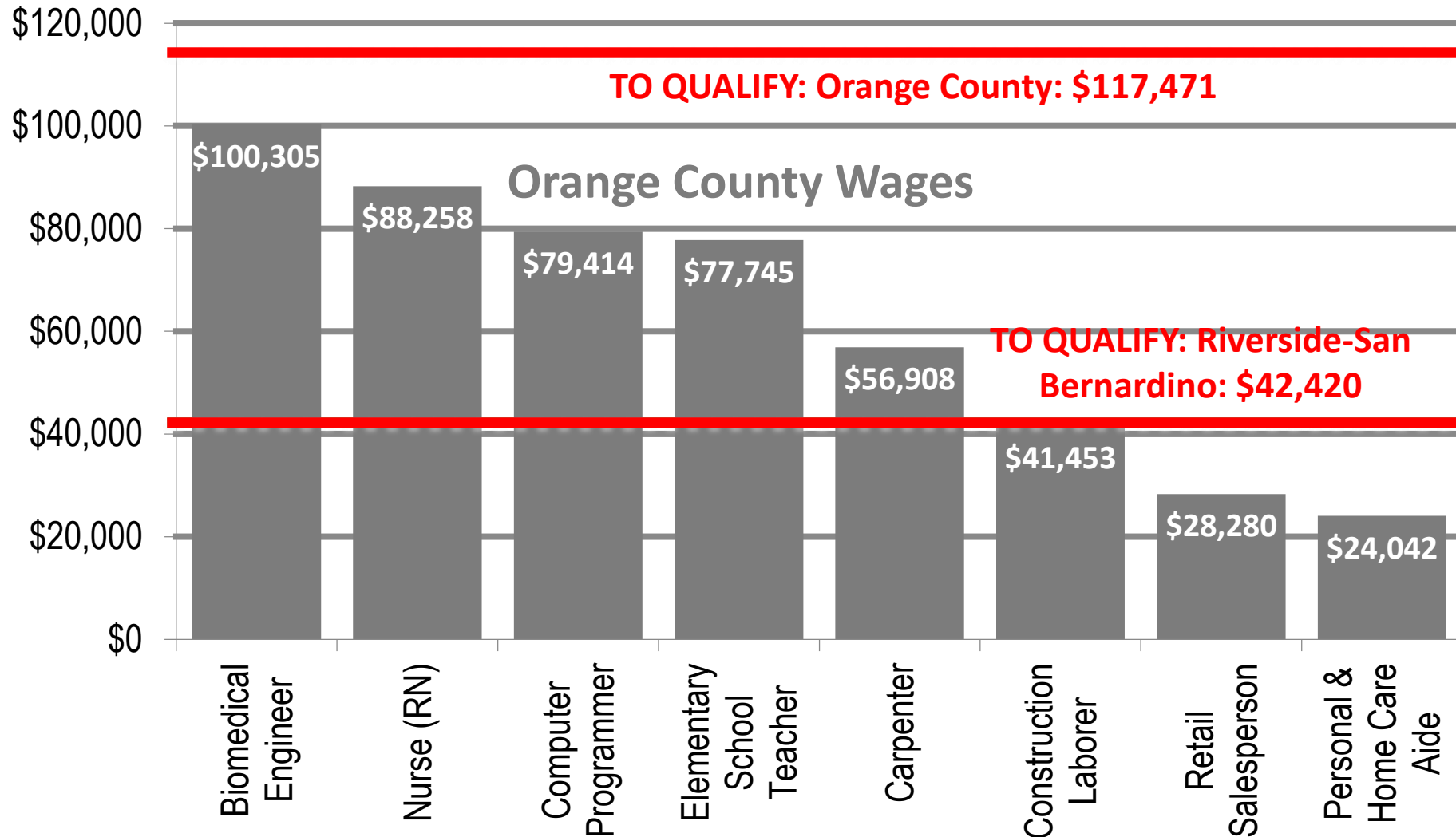
Core Counties Losing Millennials

MAJOR METROPOLITAN AREAS: 2010-2013



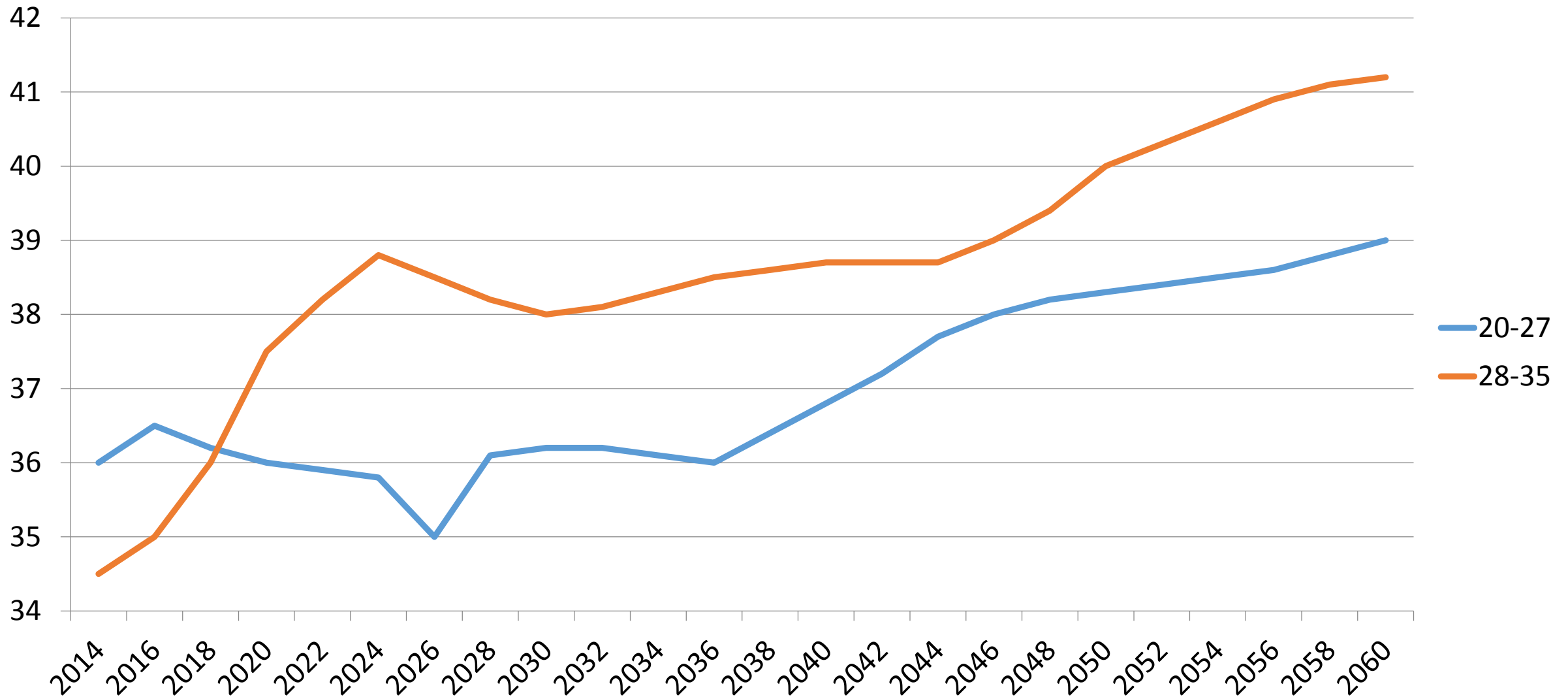
Workforce Wages & Qualifying Incomes

ORANGE COUNTY & INLAND EMPIRE



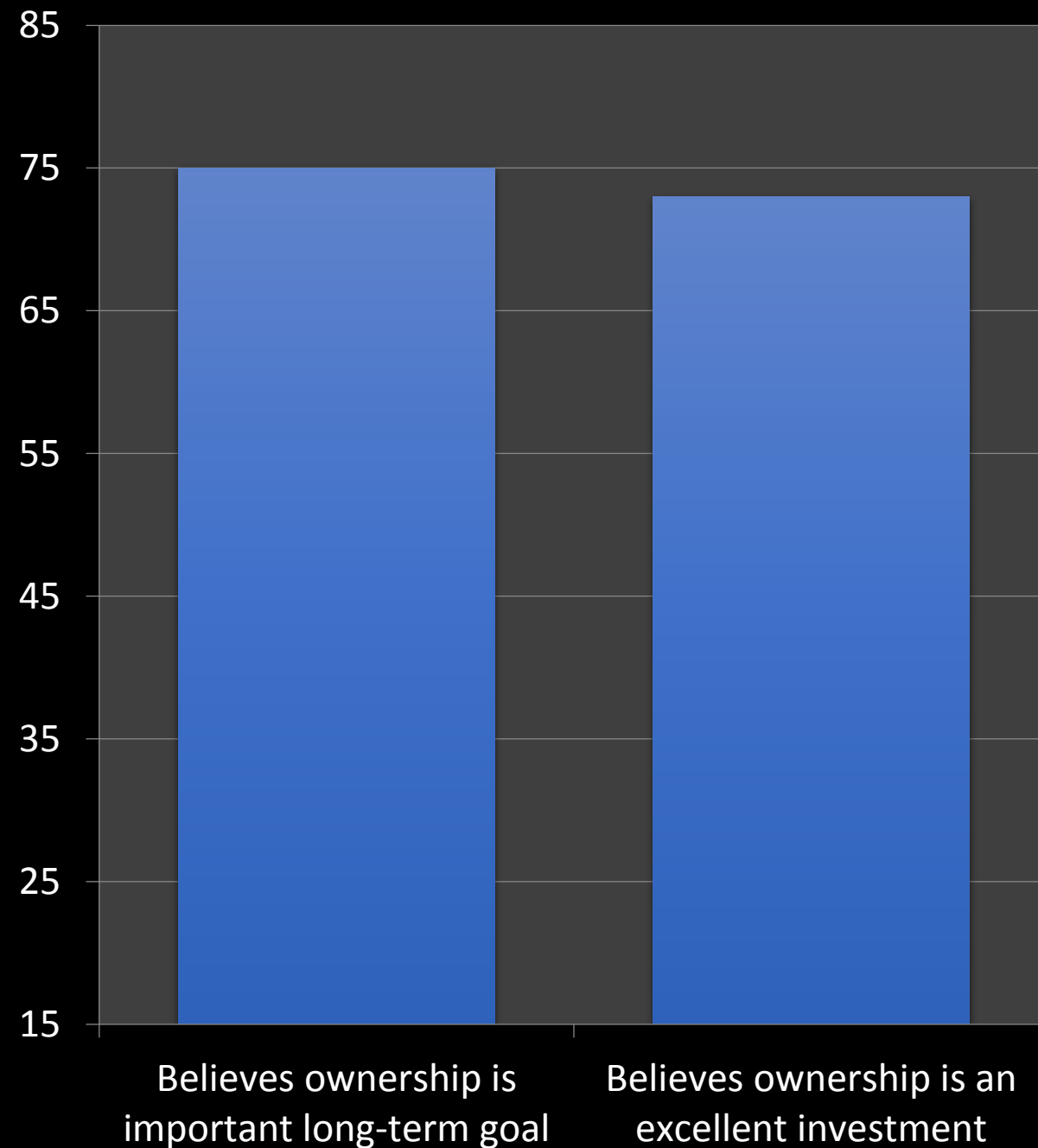
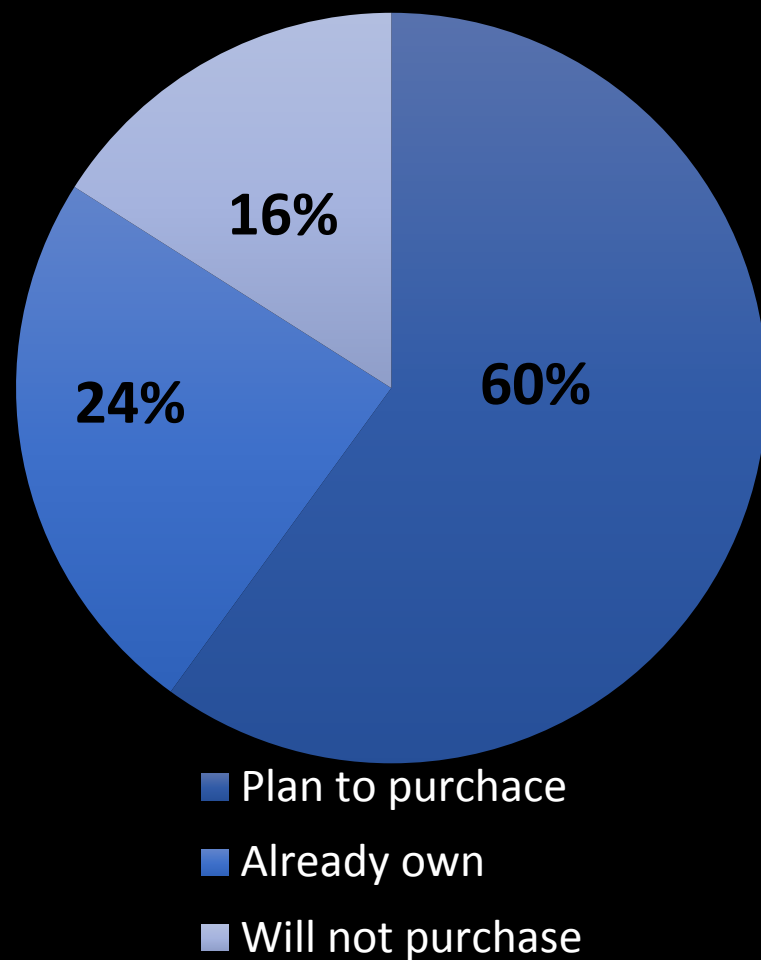
Qualifying income (with 10% down payment)" data from National Association of Realtors & actual wage data from California Employment Development Dept.

US 20-27 YEAR OLDS vs. 28-35 YEAR OLD



Source: Business Insider/Andy Kiersz, data from US Census Bureau

Home Ownership



Source: 2013 Demand Institute Housing and Community Survey

Housing Affordability & Domestic Migration %

US MAJOR METROPOLITAN AREAS: 2000-2012

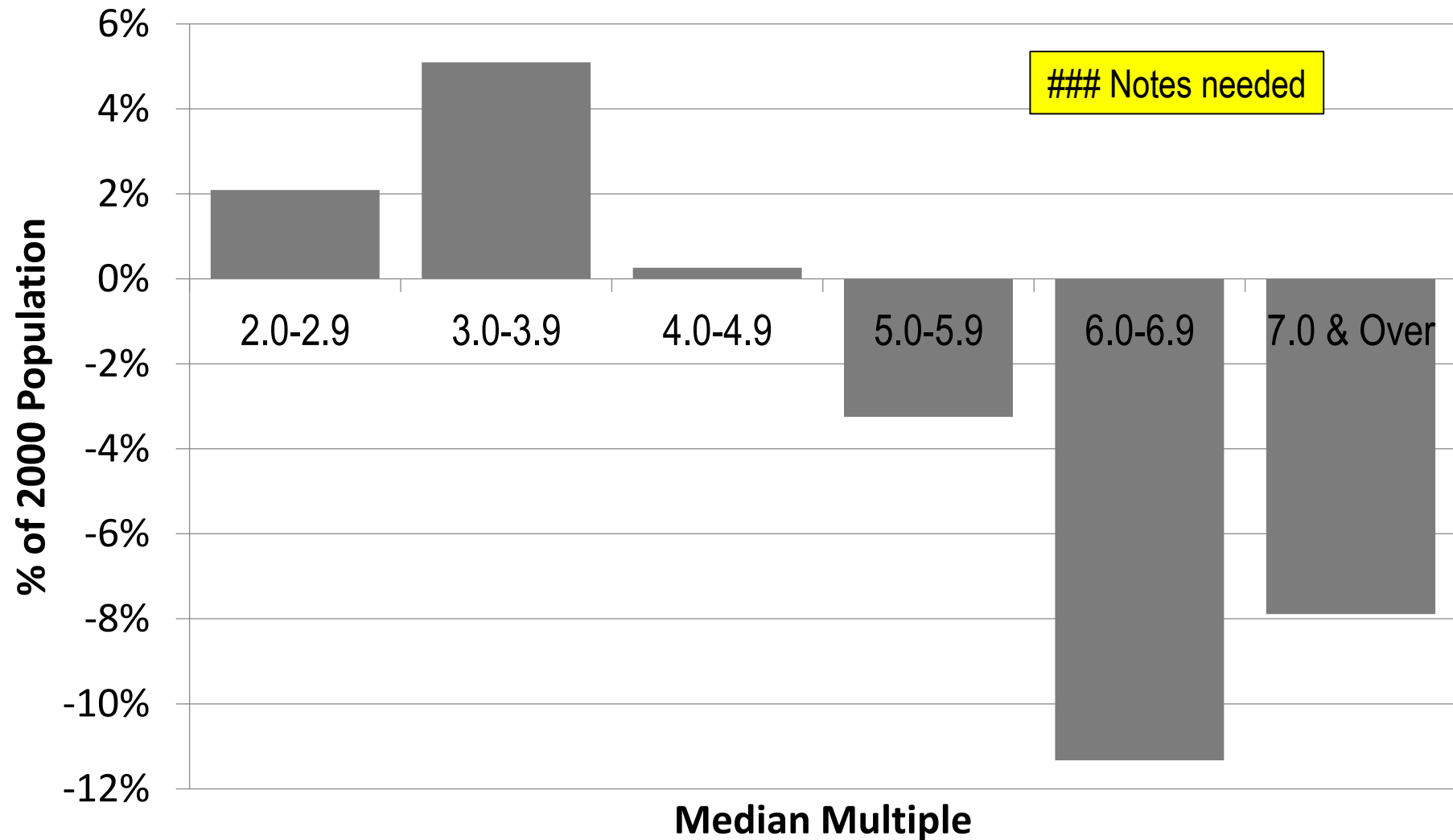
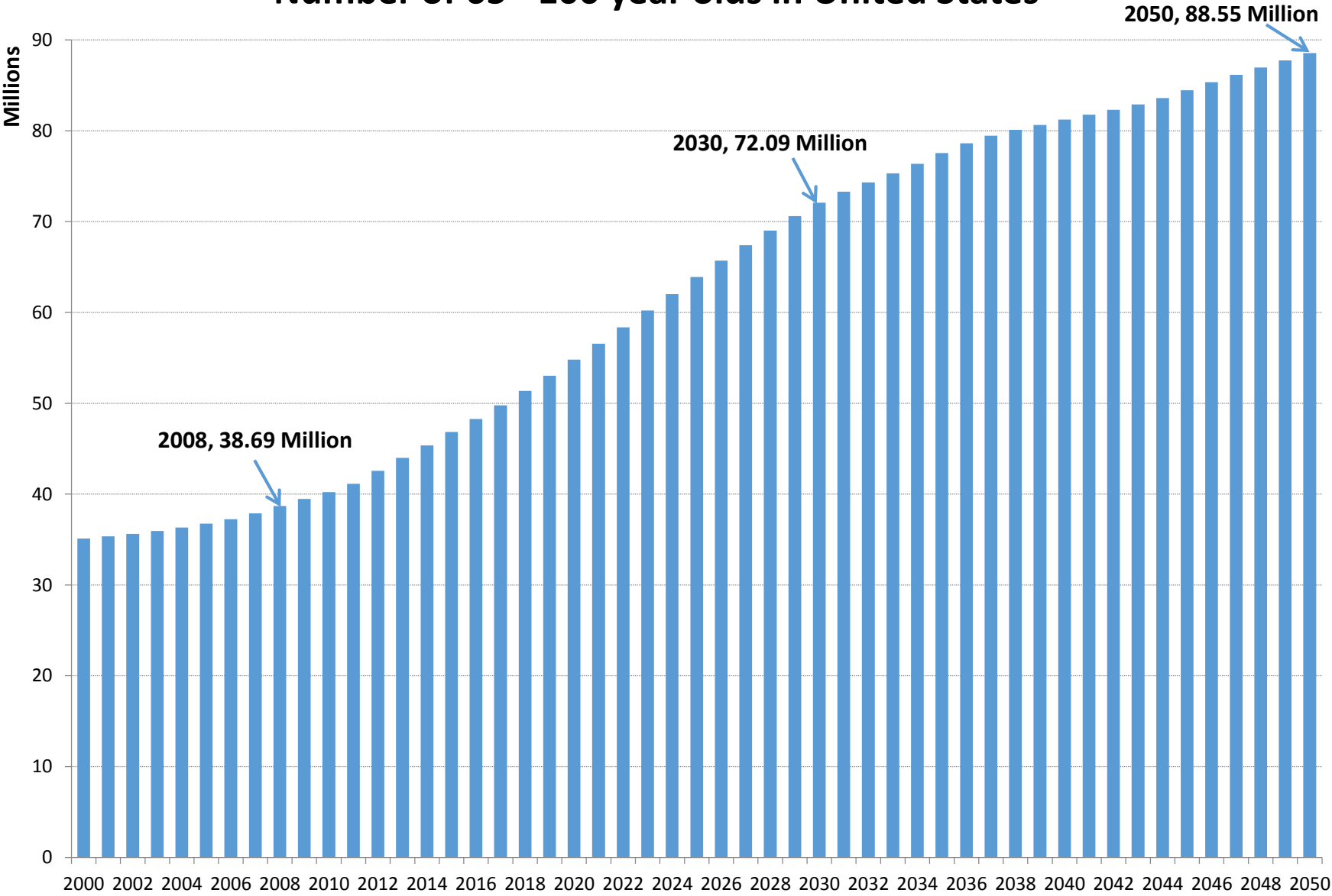


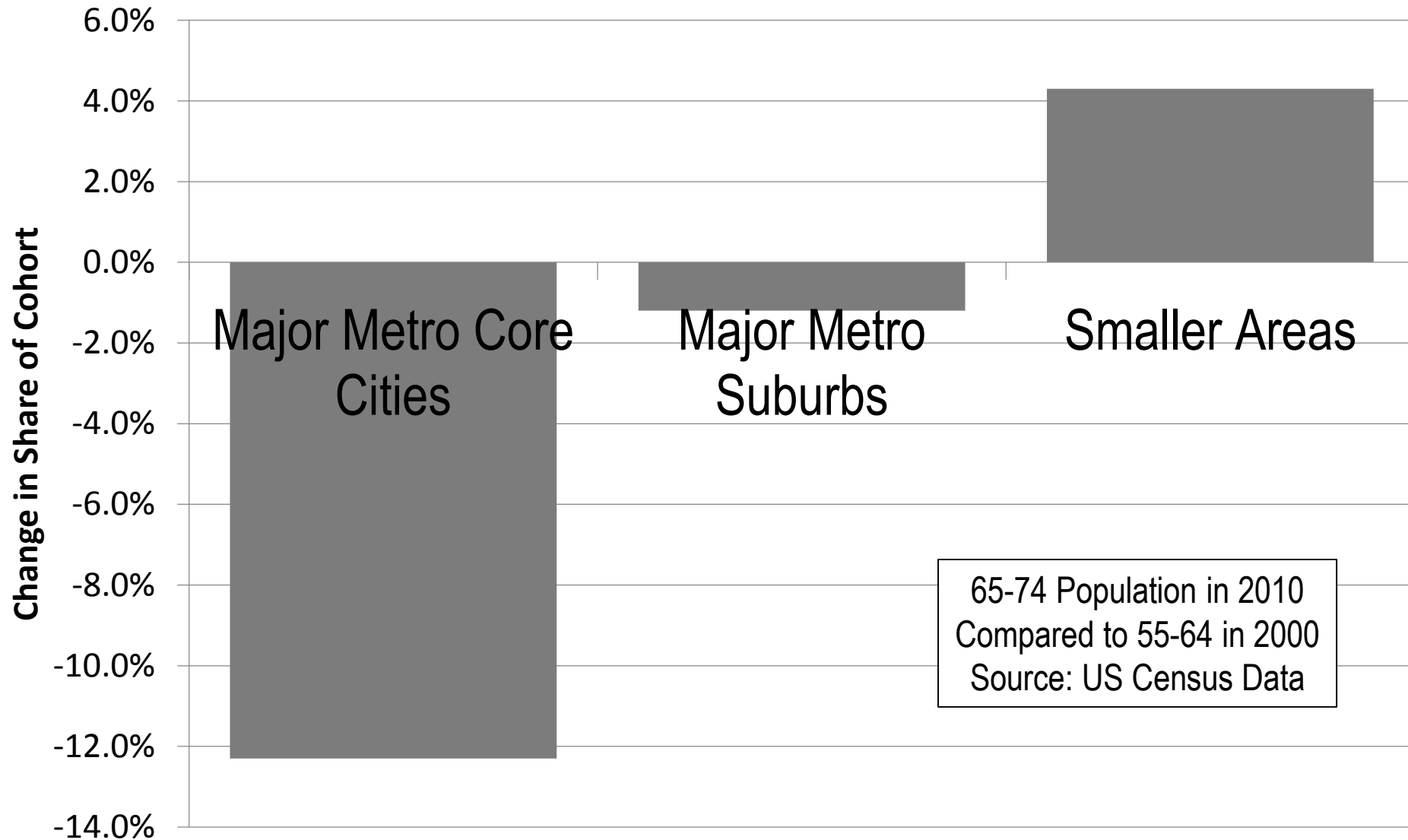
Figure 24

Number of 65 - 100 year olds in United States



Empty Nesters: To Less Dense Areas

MAJOR METROPOLITAN & SMALLER AREAS



Strategies Improving Prospects for North Dakota



- Target key mobile groups such as immigrants, 30 somethings and downshifting boomers
- Focus not just energy production, but processing and research
- Build upon lifestyle and affordability advantage
- Build on what you are- just make it work better.



A Useful Insight

“If you need a campaign to prove you’re hip and cool, you’re not.”

Michigan talk radio host on Governor Jennifer Granholm’s “Cool Cities” initiative

From Deadwood to Somewhere



Photo: J. Stephen Conn

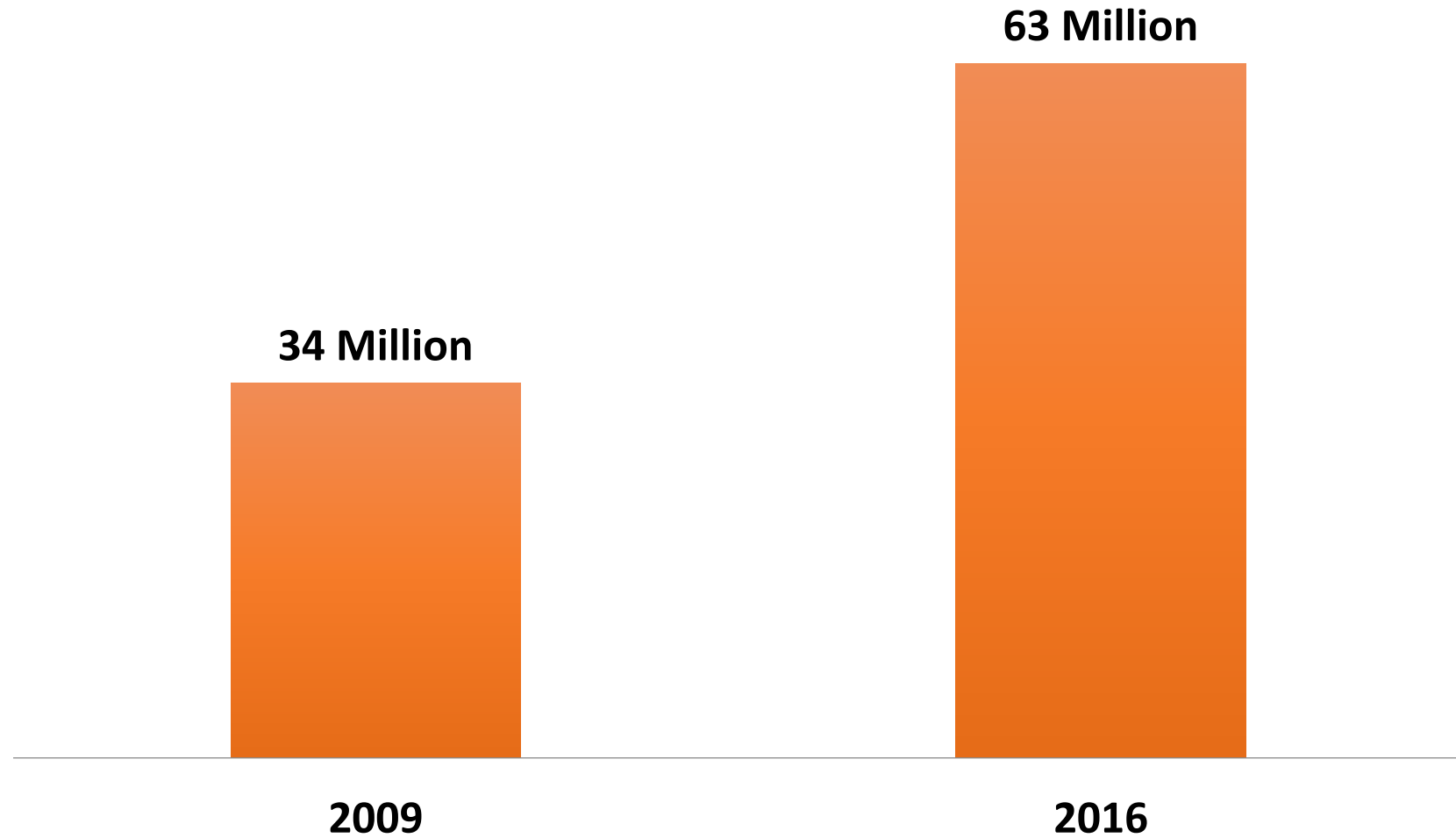
Technology: The Great Equalizer?



- New Technology could telescope the distance between communities and allow “down-shifting boomers” to remain engaged in workforce
- Younger workers can now choose affordable lifestyle and still stay in less dense areas
- Technology helps tie North Dakota directly to other global and US metropolitan markets

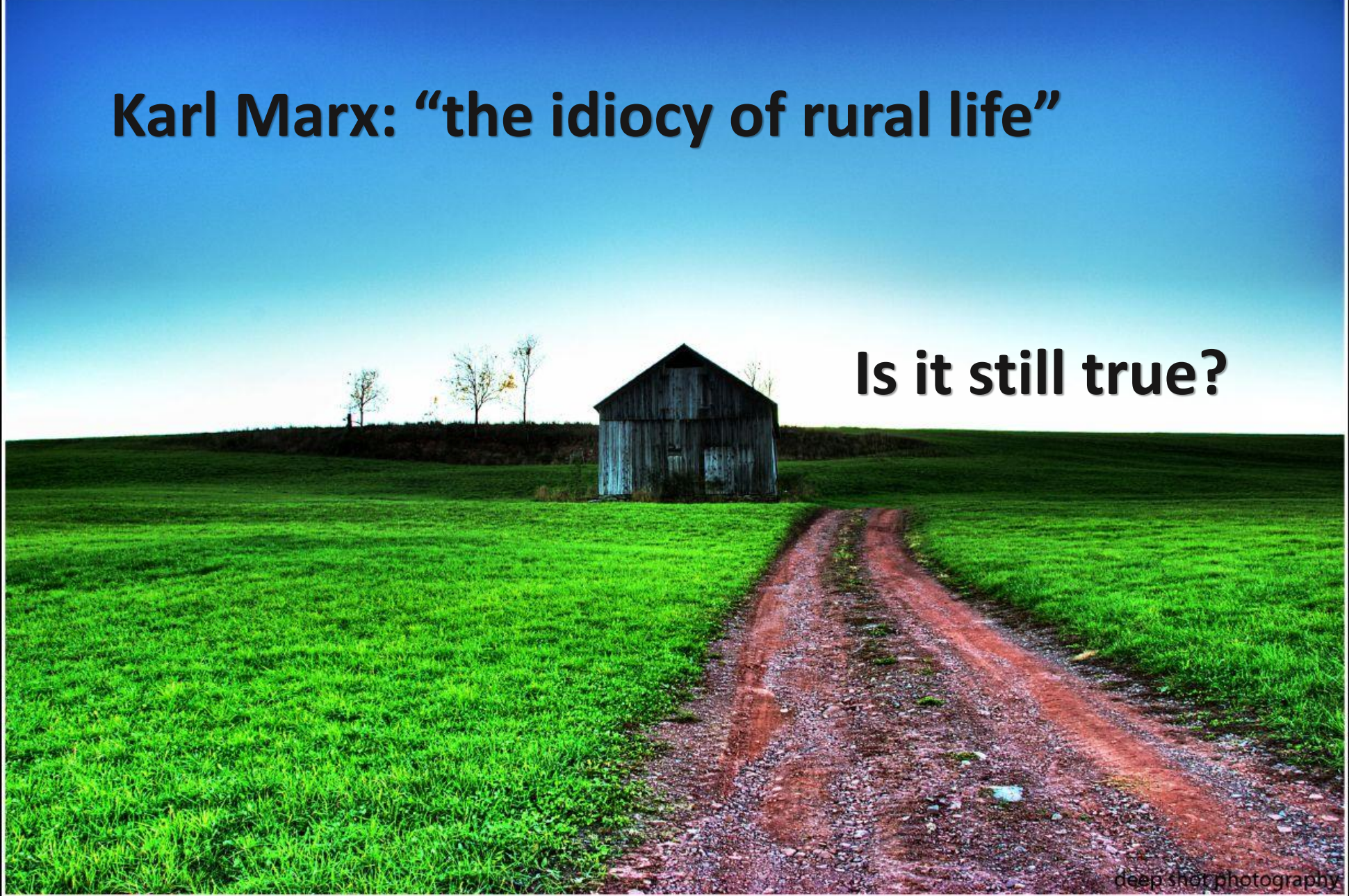
Rise in Telecommuting

Forrester Research Projection



Karl Marx: “the idiocy of rural life”

Is it still true?



Isolation

deep shot photography

Dispersion Key to American Democracy

“The intelligence and the power are dispersed abroad and instead of radiating from a point, they cross each other in every direction.”



Alexis de Tocqueville

Strategy for Long Term North Dakota Renaissance



- Focus on industrial preeminence and technological diffusion
 - Lower cost alternative to coasts
- Great place for families --- including immigrants--- seeking affordable quality of life

Questions and Comment

